

# INFORMATION LETTER

Not for  
Publication

NATIONAL CANNERS ASSOCIATION

For Members  
Only

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## WAR DEPARTMENT PRICING POLICY ON THE 1944 PACK

Statement Issued by the Office of the Quartermaster General

The policy that will be followed by the War Department in its purchases of canned fruits, vegetables, and juices is announced in a statement issued by the Office of the Quartermaster General. Text of the statement follows:

The War Department has been the procurement agency for all governmental agencies for canned fruits, vegetables and juices since 1942. There has been no change in the policy of the War Department as to prices at any time throughout this period. No change in policy is contemplated as to the 1944 pack.

As is well known, the total volume of purchases by the War Department for its own account and for the account of all other governmental agencies is very large. Therefore, as in the past, it continues to be of the greatest importance for the War Department to have a sound pricing policy, which pricing policy must be fair to the industry and the individual members thereof, and which also must be most considerate of the interests of the taxpayer.

As in former years, the procurement policy of the War Department for canned fruits, vegetables and juices of the 1944 pack is to buy the merchandise at what are considered to be fair prices. On the one hand, every effort must be made to see that excessive prices are not paid to any one canner or to canners in any one area, and on the other hand, equal care must be taken to see that canners are treated fairly both as to individuals and as to areas.

The establishment of price ceilings on canned fruits, vegetables and juices is the responsibility of the Office of Price Administration, but it must be recognized that the prices named by the OPA are ceiling prices and not fixed prices. The War Department has consistently complied with the OPA regulations as to prices, but has always regarded the OPA as ceilings and not as fixed prices. While there has been no change in the War Department's policy as to pricing of canned fruits, vegetables and juices, a new situation has arisen in the method used in the naming of ceiling prices by the OPA as to the 1944 pack. As to the major items, the regulations setting up ceiling prices include what are known as "bands" or "ribbons" of prices by areas. In the case of some

products, the spread, or the difference between the prices at the bottom of the band or ribbon and those at the top of the band or ribbon, is not great. In these cases, the War Department feels that it is entirely justified in proceeding to pay ceiling prices. The width of the band in these cases is a clear indication that there are no wide differences as to the respective return as between canners.

In cases of other products, the width of the band, that is, the difference between prices at the bottom of the band and the prices at the top of the band, is very great. It seems clear that in the case of these products where the band is wide, the War Department is definitely faced with a problem. If it proceeds to

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## Canners Are Urged to File Subsidy Contracts at Once

The War Food Administration advises canners that the 1944 canned vegetable subsidy contract, form FDA-776, covers both the interim subsidy and the subsidy after the effective date of the 1944 Office of Price Administration price ceiling regulations for these commodities. The interim subsidy covers sales to the civilian trade made under MPR 306. The other subsidy covers sales to the civilian trade made under FPR 1 and the applicable supplements to this regulation.

Canners who intend to participate in either of these subsidy programs are requested to sign and immediately return to the WFA the subsidy contract form FDA-776. It is not necessary to wait until application for payment is made in order to file the contract form.

The application for payment for both subsidies should be made on form FDA-776-1 copies of which are attached to the contract. The interim subsidy rates for No. 2 cans are given in Table I. The interim rates for other can sizes are determined by using the conversion factors at the end of Table I of the contract. The subsidy rates to be used after the effective date of the OPA 1944 price ceilings are given in the respective ceiling orders. Where the rate is not shown for a particular can size, the conversion factors specified in the OPA ceiling price regulation should be used.

## MARSHALL OUTLINES FOOD PURCHASE-DISPOSAL PLANS

Program Contemplates Use of Normal Distribution Facilities

In discussing the Nation's wartime food requirements and the disposition of post-war food stocks before the American Meat Institute at Chicago, Illinois, September 26, Lee Marshall, Director of Distribution for the War Food Administration, said that the big job for both industry and agriculture "will come some time after the hostilities cease, especially after we have been victorious in both theaters of war. And it seems to me," Mr. Marshall said, "the greatest problem will be adjusting agricultural production to demands."

The WFA official said that the war requirements for meat and dairy products will continue to be high although there will be some decline in the demand for grains and vegetables. In outlining the Government's food purchase and disposal programs, Mr. Marshall reassured the food industry that government-owned food supplies can be marketed without disrupting the trade. He continued:

"There are some preliminary things, though, we can and are doing to make the job easier. These involve keeping government food stocks as small as we can without endangering war needs, and in such condition that stocks not used in the immediate war effort can be used later.

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## Advisory Committee to Meet October 6

The Office of Price Administration has called a meeting of the over-all Fruit and Vegetable Canning Industry Advisory Committee to be held at Washington on October 6. The purpose of the meeting is to discuss Pricing Method No. 2. Canned products to be priced under this method will include, it is understood, all those not priced by Method No. 1, except Bartlett pears in the Northwest, Royal Anne cherries, and beets.

## TOLERANCES FOR FLUORINE SPRAY RESIDUE ESTABLISHED

### Order Issued by F & D Administration Applies to Apples and Pears

Tolerances for fluorine spray residue on apples and pears have been established by a regulation issued by the Food and Drug Administration, Federal Security Administration, effective on the ninetieth day following publication of the regulation in the Federal Register of September 28. Text of the order follows:

#### FINDINGS OF FACT

1. Fluorine is a gaseous chemical element. It and many of its compounds, among which are cryolite and other insecticides, are poisonous and deleterious substances. The fluorine in such compounds, even in small quantities, interferes with fundamental processes of living cells. Individuals vary in their susceptibility to its toxic effects.

2. When fluorine compounds are taken into the body in small amounts, most, if not all, of the fluorine is excreted, but when intake exceeds excretion storage of fluorine in the body results. When storage of fluorine occurs, injury to health may be anticipated. Fluorine is stored primarily in the bones and teeth, and its deleterious effects are most easily detected in those tissues. These effects are mottling of the enamel of the teeth, and abnormalities, including osteosclerosis, of the bones of the pelvis and lumbar region of the spine, and of the tendinous insertions of bones.

3. During their production apples and pears are subject to a number of insect pests, and different kinds of sprays are used to control different kinds of insects. Unless the insects are controlled by sprays the fruit becomes wormy and unmarketable. The codling moth causes the greatest difficulty and requires the most spraying for effective control.

4. For control of the codling moth, sprays made from lead arsenate or from cryolite are the only ones that are effective and practical. To these mineral oil is commonly added and acts in part as a codling moth ovicide. In the Northwest, where a large proportion of the apple and pear crops are produced, lead arsenate and cryolite are equally effective, whether used alone or in split schedules using lead arsenate for some sprays and cryolite for others. The methods and equipment used are the same for both types of spray. There are certain disadvantages in the use of lead arsenate spray which do not accompany the use of cryolite spray.

5. The effectiveness of spray programs depends on the completeness of coverage of the fruit with the insecticide and the amount thereof which adheres to the fruit. Complete and sufficient coverage is obtained by repeating the sprays, and by adding oil and other materials to the spray. The number of sprays required depends on the season, geographic location, local situations, the

time of ripening of the fruit, and the care used in applying the spray. A spray schedule effective for apples is also effective for pears. Ordinarily from 1 to 6 sprays are required for pears and 4 to 9 sprays are required for apples. Occasionally more than 9 sprays are required for apples.

6. The amount of fluorine in spray residue remaining on apples and pears at time of harvest increases with the number of fluorine sprays used, the decreasing length of time elapsing between the last of such sprays and harvest, and the use of substances which cause greater adherence of the spray to the fruit. The proportion of fluorine remaining on apples ranges from a few milligrams per kilogram to over 50 milligrams per kilogram. (One milligram per kilogram is approximately equivalent to .007 grain per pound.) It is possible, therefore, for one fruit to bear more than 7 milligrams of fluorine.

7. The spray residue remains on the surface of the fruit and most of it can be removed by washing processes in common use in the industry. One process uses only one washing and rinsing operation. In such process dilute hydrochloric acid is used as the washing solution. This process is efficient in removing spray residues from apples and pears grown under light spray schedules. In another process two washing and rinsing operations are used. In this process the fruit is first washed in a sodium silicate or soda ash solution and then in a dilute hydrochloric acid solution. This process is efficient in removing spray residues from such fruits grown under a heavy spray schedule or when oils and stickers are added to the spray material, or when the spraying is continued late into the growing season. In both washing processes the spray residue is removed more effectively when the washing solutions are heated. The heating of the solutions tends to cause injury to the fruit which increases as the heat is increased. When the solutions are not heated to over 100° Fahrenheit, the amount of injury to the fruit is not material. The washing processes for apples are at least equally effective for pears. Efficient washing usually removes spray residue to such extent that the fluorine remaining on apples and pears is about 5 milligrams or less per kilogram without risk of excessive injury to the fruit. It can be reduced in practically all lots to 7 milligrams per kilogram without such risk.

8. Mottling from fluorine results only when intake of toxic amounts occurs during the process of growth and calcification of the teeth. In man the teeth are in the process of calcification during the first 12 years. Mottling differs greatly in degree. Very mild degrees disclose chalky white spots without translucency. As the degree of severity increases the spots are more noticeable, become stained with a brownish color,

and the enamel becomes brittle and pitted. When the fluorine intake is very low teeth are produced that are less resistant to caries than teeth produced on a somewhat higher fluorine intake. However, the margin between optimum and toxic amounts is very narrow. The toxic effect of fluorine increases as the intake is increased regardless of whether it is ingested in food or water or both. At the lower levels of fluorine intake that produce toxic effects there are no material differences in the absorption, toxicity, and storage of the fluorine of the various fluorine compounds, including cryolite. At materially higher levels the absorption and storage decrease with the decreasing solubility of such compounds.

9. Fluorine compounds may enter the body by ingestion in water and food and by industrial exposure. The water supplies of several million persons in the United States contain 1 part per million or more of fluorine. The areas having such water supplies are distributed widely over the country. About a half million persons live in areas where the fluorine content of the water is 5 parts per million or more. Fluorine is a natural component of many common foods, and in the process of cooking food in fluorine-bearing water some of the fluorine in the water is transferred to the food. However, the amount of fluorine added to the diet by cooking is not significant unless the fluorine content of the water is very high. Industrial exposure is to mists, dusts, and fumes containing fluorine. A substantial number of persons are subjected to such exposure. The exposure of some of these persons is such that they are storing fluorine. The record does not show in what proportion of those exposed storage is occurring.

10. When children ingest a sufficient amount of fluorine during the critical age period mottling results. The amount of drinking water ordinarily consumed by children during this period ranges from 300 cubic centimeters to 1,000 cubic centimeters per day. Such mottling occurs when the drinking water contains 1 part per million of fluorine or more. The ordinary adult daily diet, when the fluorine content of the water used in cooking is 0.3 part per million or less, contains approximately 0.5 milligram and not more than 1 milligram of fluorine. It is probable, therefore, that mottling of the enamel of the teeth results from a daily ingestion of somewhat less than 2 milligrams of fluorine.

11. The amount of apples and pears eaten as fresh fruit varies with the individual consumer and season of the year. Many persons consume few or no apples or pears and some consume many. Apples vary in size, but ordinarily weigh from 1/7 to 1/10 of a kilogram each. The record does not disclose the proportions of apples and pears that are peeled before consumption.

12. Whether the toxicity of fluorine to man is affected by or affects the toxicity

of other substances is not known. Fluorine is rendered more toxic to rats by desiccated thyroid and the thyrotropic hormone of the anterior pituitary gland, and its toxicity is additive to that of cadmium. There is some industrial and consumer exposure to cadmium.

#### CONCLUSIONS

1. Fluorine and many of its compounds, including those used as insecticides for apples and pears, are poisonous and deleterious substances.

2. The addition of fluorine-containing sprays to apples and pears is required in the production of a large proportion of such fruits and residues thereof are unavoidable.

3. With efficient spraying and the efficient use of the washing processes so far developed it is not practicable to reduce the fluorine remaining as such resi-

due on apples and pears below 7 milligrams per kilogram of fruit.

4. A considerable portion of the population is exposed to quantities of fluorine compounds that are toxic or near-toxic and any added amount of fluorine increases the hazard or degree of injury to which they are subjected. It is necessary for the protection of public health that the fluorine remaining as insecticidal residue on apples and pears shall be as low as is practicable.

#### LIMIT

§ 120.1 Fluorine; Limit for the quantity remaining as insecticidal residue on apples and pears. The quantity of fluorine remaining as insecticidal residue on apples and pears is hereby limited to not more than 7 milligrams of fluorine, calculated as F, per kilogram of each such fruit.

## REVENUE BUREAU ISSUES PROFITS CYCLE FINDING

### Canning Among Industrial Groups Not Depressed in Base Period

The Bureau of Internal Revenue has issued a memorandum to guide internal revenue agents in dealing with claims for refunds under Section 722 (b) (3) (A), which states that it has been tentatively determined that 34 industrial groups, including canned food products manufacturing, were not depressed in the base period because of a variant profits cycle, that is, "a profits cycle differing materially in length and amplitude from the general business cycle."

"This means," the memorandum states, "that the evidence now before the Bureau indicates that it is unlikely that an industry included in these groups has a profits cycle that might qualify taxpayers belonging to that industry for relief from excess profits taxes under the provisions of section 722 (b) (3) (A) of the Internal Revenue Code."

The memorandum further states:

"The purpose of these tentative determinations is to guide revenue agents in dealing with claims for refund under these provisions and to inform taxpayers of the general lack of evidence that the industries concerned meet the requirements of section 722 (b) (3) (A).

"These tentative determinations do not in any way debar a taxpayer from obtaining full consideration of any pertinent evidence in support of a claim based on the profits cycle history of its industry. The Bureau recognizes that there may be exceptional industries included in these groups for which it does not as yet have adequate information, and it is receptive to statistical and other data which will aid in establishing the profits cycle of such an industry for the purposes of section 722. If there are such exceptional industries, they are more likely to be found in the more heterogeneous industrial groups because in such a group there is larger possibility of including industries with profits cycles that differ significantly from the group profits cycle on which the tentative determination is based.

"The list of industrial groups which follows includes only a portion of the industries, members of which have submitted claims invoking the provisions of section 722 (b) (3) (A). It is expected that additional determinations will be made from time to time with respect to other industrial groups. With respect to any industry not covered by the present list, there is no implication that it has been accepted, or is likely to be accepted, as a variant cycle industry depressed in the base period.

"The industrial groups (following the classification used by the Bureau for statistical purposes in 1937) thus tenta-

## Industry Requests Continued Transportation Conservation

Continuance of transportation conservation activities and strict observance of ODT Order 18A enjoining heavier loading of freight cars have been pledged by representatives of the National Industrial Traffic League and the Shippers Advisory Boards, the Office of Defense Transportation has announced. This action was taken at a conference recently with officials of the ODT, at which time the following observations were made:

The transportation problems will not be automatically solved upon the cessation of hostilities of Europe. On the contrary the help of the Advisory Boards is needed now more than ever in order that there will be no failure or even a partial failure in furnishing transportation to the nation during the transition period, which is in prospect.

The re-adjustment and shifting of our military strength to the Pacific, will bring new problems and increased burdens which will require the closest vigilance of all concerned until the vast quantities of supplies and troops have been channeled, moved to and relocated in the proper areas. Our transcontinental railroads are carrying an almost peak movement and, for some time to come, the supply of box, refrigerator and open top cars will be tight.

### May Give War Bonds as Prizes

Employers, pursuant to a plan, may award prizes in War Bonds to employees, without further approval, for the sale (outside of their regularly assigned duties) of War Bonds to individuals during the Sixth War Loan Drive, provided the employer files either with the Regional War Labor Board or the regional office of the Salary Stabilization Unit, or both, as the case may be, a statement setting forth the amounts

and basis of the awards under the plan, the National War Labor Board and the Commissioner of Internal Revenue announced September 27.

The awards may vary on the basis of the amount or number of bonds sold, but such awards must not be excessive in number, nor may the maximum exceed \$250 in face value.

Employees whose principal activity is concerned with the sale of War Bonds, officers and other company officials, may not participate in any such awards.

### Canned Mackerel Specifications

The War Food Administration has amended paragraph 3, *Specifications, Definitions* (b) in Form BFP-89 covering canned salmon to read as follows:

The term "well cleaned" means that the fish shall have the heads removed. Tails shall be removed to the extent that they shall not be present in amounts in excess of 20 per cent by count of pieces of fish. The fish shall be free of entrails and other objectionable offal.

### Prices Set for Dried Fruits

Maximum prices that processors and primary distributors may charge for dried apricots, peaches, pears, prunes, raisins and figs of the 1944 and later crops were announced September 23, effective September 30, by the Office of Price Administration.

Ceilings for prunes, raisins, sliced figs, and fig pastes are increased and those for packaged and bulk figs and apricots are decreased at the primary distributor and processor levels. Ceilings for dried peaches and pears remain the same as they were during 1943.

The prices are established by Supplement 9 to Food Products Regulation No. 1.



tively determined not to have been depressed in the base period, 1936-1939, because of a variant profits cycle, are as follows:

"Agricultural and related industries; metal mining; bakery products and confectionery manufacturing; canned food products manufacturing; sugar manufacturing; nonalcoholic beverages manufacturing (soft drinks); liquors (alcoholic) manufacturing; tobacco and products manufacturing; silk and rayon goods manufacturing; carpets, floor coverings, etc., manufacturing; clothing and apparel (not knitted) manufacturing; knitted materials and products manufacturing; rubber and rubber goods manufacturing (including tires and tubes); paper, pulp, and products manufacturing; printing and publishing and allied industries; petroleum refining; fertilizers manufacturing; stone, clay, and glass manufacturing; motor vehicles and accessories manufacturing; agricultural machinery and equipment manufacturing; factory machinery manufacturing; electrical machinery and equipment manufacturing; office equipment manufacturing; aircraft and parts manufacturing; radios and parts manufacturing; shipbuilding and repairing; electric light and power; radio broadcasting; telephone and telegraph; water transportation and related activities; retail trade; motion picture theaters; motion picture producers; national, state, and private banks, savings banks, and loan and trust companies."

#### WPB Authorizes Increase in Output of Pressure Canners

The War Production Board, under Direction 1 to Limitation Order L-30-d, effective September 27, has authorized six manufacturers to produce a total of 630,000 aluminum pressure canners during the fourth quarter of 1944 and the first two quarters of 1945. The same manufacturers previously were authorized to produce a total of 400,000 aluminum pressure canners for the 1944 canning season.

The manufacturers and their quarterly quotas under the new authorization are: Burpee Can Sealer Co., Barrington, Ill., 35,000; National Aluminum Manufacturing Co., Peoria, Ill., 23,000; Wisconsin Aluminum Foundry Co., Manitowoc, Wis., 15,000; Pressure Cooker Co., Denver, Colo., 500; National Pressure Cooker Co., Eau Claire, Wis., 130,000; and Lakeside Aluminum Co., Minneapolis, Minn., 6,500.

The canners may be made in any desired size, except that they may not have a capacity of less than seven one-quart jars. Previously only two sizes, one holding seven one-quart jars and the other 14 one-quart jars, were permitted.

Rationing of pressure canners was

discontinued in 1943. Control over manufacturers' distribution as well as the prohibition on the sale of pressure canners for purposes other than food canning was removed by the War Food Administration September 21.

#### Change in Sugar Controls

Increased flexibility in the use of sugar by industrial users of rationed foods who pack, cure or process meats, fish or poultry has been provided by the Office of Price Administration in Amendment 45 to Revised Ration Order 3, effective October 4. After the effective date of the order, an industrial user, such as a meat packing house, may, over a quarterly period, average out his use of sugar for each class of meat products at the maximum rate permitted for that class. Previously, rate of use of sugar for any product in a class could not exceed the rate for the class. The greater flexibility, established upon the recommendation of the meat packing industry, will not increase substantially the over-all use of sugar in meat packing, processing and curing, OPA said.

#### Apple and Pear Picking Wages

A ceiling has been placed by the War Food Administration on wage rates for picking apples and winter pears in the White Salmon area of Klickitat and Skamania counties, Washington. The maximum rates, established by Specific Wage Ceiling Regulation No. 30, are:

1. All apples except Newton apples, 11 cents per apple box or Libby lug, 12½ cents per Apple Growers Association lug.
2. Newton apples, 12 cents per apple box or Libby lug, 13½ cents per A. G. A. lug.
3. Winter pears, 12 cents per apple box or Libby lug, 13½ cents per A. G. A. lug.

The order is based upon a certification of the Washington State WFA Wage Board that a majority of the producers of apples and winter pears in the area affected have requested WFA's intervention.

#### Canned Snap Beans Offered

The War Food Administration is offering for sale to the original processors a total of 78,553 cases of beans consisting of 30,206 cases (6/10's), 3,497 cases (24/2½'s), and 44,850 cases (24/2's). This is the initial offer on approximately 400,000 cases which will be released from government-owned

stocks for civilian use because they are not needed to meet requirements of war services. Additional quantities of these canned snap beans will be offered to the original processors as soon as the condition and grade have been determined, the WFA said.

These beans are from the 1942 and 1943 packs and consist of Grade A, Grade B, Grade C and a combination of sieve sizes. Some lots are of the cut wax variety and others cut green stringless variety. Offers to purchase by original vendors must be received by WFA not later than October 3. They are listed for sale as follows:

30,206 cases (6/10's) located at Alton, Ithaca, Rochester, Macedon, N. Y.; Fort Smith, Alma, Ark.; and Waynesville, N. C.

3,497 cases (24/2½'s) located at Waynesville, N. C., and Salisbury, Md.

44,850 cases (24/2's) located at Farmington, Me.; Springdale, Bentonville, Ark.; Alton, Pennellville, Marion, Vernon, N. Y.; St. Martinsville, La.; Adel, Ga.; Philadelphia, Pa.; Belleview, Fla.; and Canutillo, Tex.

#### 1944 Red Pitted Cherry Pack Largest for Four-year Period

The 1944 pack of red pitted cherries amounted to 3,071,940 actual cases—the largest pack of that commodity since the 3,422,873 pack reported in 1940, according to the Association's Division of Statistics. Last year's pack of 561,778 cases was the smallest on record. The following table gives the pack, in actual cases, by States, for both 1943 and 1944:

State	1943 Cases	1944 Cases
New York and Pa. ....	119,867	409,170
Mich., Wisc., and Ohio....	241,009	2,350,339
*Western.....	200,912	222,422
Total.....	561,778	3,071,940

\* Includes Colorado, Kansas, Idaho, Nebraska, Montana, Washington, Oregon, and Utah.

#### Wage Suits in Maryland

In a recent case in the Federal District Court for Maryland, it was held that the statute of limitations covering employees' suits for unpaid overtime under the Wage and Hour Law was 12 years. The defendant sought to dismiss a suit based on claims which arose in 1938, 1939, and 1940, on which suit was begun in March, 1944, on the ground that the three-year contract statute of limitations was applicable. The Court overruled the motion to dismiss on the ground that under the law of Maryland the 12-year statute was applicable to such actions.

## FORMAL NOTICE OF PRICE CHANGES IS NOT REQUIRED

### OPA Amends Regulation with Respect to Deliveries to the Trade

In amendments effective September 27, 1944, the Office of Price Administration requires wholesalers and retailers to consider items of the 1944 pack of dried fruits and canned and frozen fruits and vegetables as different items from the 1943 and earlier packs and price them separately. Thus, processors, many of whom have already made deliveries of this year's pack, will not be required to include formal notifications of price changes in their shipments.

The amendments include the following provisions:

1. In the case of dried fruits, wholesalers and retailers will consider the 1944 pack as "new items" and will figure their ceiling prices on the basis of their net cost of the first delivery to them.

2. Wholesalers who received a delivery of canned or frozen fruits and vegetables before new processors' ceilings were established and also received later deliveries will refigure their ceiling prices on the basis of the first delivery after the date on which OPA fixed processor ceilings.

3. Generally, retailers will refigure their ceiling price for any item of the 1944 pack when they receive their first delivery of that item at a price that will reflect the new processor ceiling prices.

4. Where a wholesaler or retailer made a purchase before new pack prices are fixed, at prices to be adjusted later in line with new processor ceilings, he will not consider receipt of any item of the 1944 pack as a delivery until he receives an invoice or written notice from the supplier, showing the price after adjustment. Until such a notice or invoice is received, no sales may be made by the wholesaler or retailer at a price higher than the seller's ceiling price for the same item of the 1943 pack.

Supplement 7 to Food Products Regulation 1 (packed fruits, berries and vegetables of the 1944 and later packs) is amended in the following respects:

1. Section 14 (d) is amended by adding the following sentence: "The establishment for the first time of maximum prices or a pricing method for an item in this supplement does not require notification."

2. In Appendix C to section 15, the "Explanation of how maximum prices for packed peas are figured" is amended in the following respects:

a. The phrase "section 5 (a) 2" at the end of the first sentence is amended to read "section 5 (a) (2)."

b. The following sentence is added to the second undesignated paragraph:

"However, this rule does not apply when the only grade of packed peas sold during the base period was substandard grade."

c. The first sentence in the seventh undesignated paragraph is amended to read as follows:

"The order in which the steps are to be taken in figuring the maximum price for an item of packed peas under subparagraph (2), (3) or (4) of section 5 (a) is as follows (however, note Exceptions below):"

d. Step 8 in the seventh undesignated paragraph is amended by inserting a parenthesis after the figure "5" and deleting the parenthesis after the word "agencies."

e. The following text is added to the seventh undesignated paragraph:

"Exception 1: If the processor sold only substandard grade of packed peas in the base period, the steps and the order in which they are to be taken differ from those set forth above. In this situation, the steps are as follows:

"First, convert for container size; next, convert to Standard grade; next, add the appropriate permitted increase for Standard grade; then, proceed with step 3 and the following steps in the usual order as specified above.

"Exception 2: If the processor is pricing substandard grade, the steps and order in which they are to be taken differ from those set forth above. In this situation, step 4 must follow step 6 instead of preceding step 5; otherwise steps are to be taken in the usual order as set forth above.

"Note: Both Exceptions 1 and 2 apply where the processor sold only substandard grade in the base period and is now pricing substandard grade. In this situation the usual procedure is varied in the manner indicated by both Exceptions."

3. In Table 3, Area 1, of Appendix B to section 16, the figures "2.07-2.30" in the column headed "Price ranges" under the column headed "No. 2½ Cans," and opposite the word "Standard" under "Halves, unpeeled" in the column headed "Style and grade," are amended to read "2.15-2.31."

Supplement 6 to FPR 1 (frozen fruits, vegetables and related products) is amended by adding the following sentence to Section 12(e):

"The establishment for the first time of maximum prices or a pricing method for an item in this supplement does not require notification."

Maximum Price Regulation 421 (ceiling prices of certain foods sold at wholesale) is amended by adding Section 13(d) to read as follows:

(d) 1944 pack of "canned" and frozen fruits and vegetables. Each item of the

1944 pack of "canned" fruits and vegetables and frozen fruits and vegetables shall be considered a different item from the 1943 and earlier packs, and you shall figure a separate ceiling price for each item. You must figure your ceiling price for each such item in accordance with the provisions in sections 3, 4 and 5, basing your "net cost" on the first delivery to you of the item.

However, if that first delivery is received by you before the date on which maximum prices are established by the OPA for sales of the item by processors, and another delivery is received by you after that date, you shall refigure your ceiling price for such item, basing your "net cost" on the first delivery of the item to you after that date.

The receipt of any of the above items of the 1944 pack, at a price to be adjusted after delivery in accordance with action to be taken by the OPA shall not be deemed a delivery, for the purpose of this section, until the receipt of an invoice or other written notice from your supplier showing the price after adjustment. Until the receipt of such an invoice or notice, you may not sell or deliver or offer to sell or deliver the item at a price higher than your ceiling price for the same item of the 1943 pack.

Corresponding amendments were also made to MPR 422 and MPR 423 (ceiling prices for foods sold at retail).

### Farm Machinery Rationing Ends

War Food Administrator Marvin Jones ended all WFA rationing and distribution control of farm machinery and equipment, except corn pickers, on September 28. For most rationed implements, the 1944 production period and season of use have passed, and the need for rationing these items during the 1944-45 crop year is not anticipated.

Rationing of corn pickers is retained to assure equitable distribution of the new pickers needed to harvest this year's big corn crop.

### Tomato Juice Subsidy Explained

The War Food Administration advises canners that sales of canned tomato juice to the civilian trade made under the Office of Price Administration adjustable pricing order, effective September 20, do not qualify as absolute sales under the WFA subsidy agreement until the final price is determined. Applications for subsidy on tomato juice sold under adjustable pricing should be deferred until the sale price has been finally adjusted. However, application for subsidy may be made currently for any canned tomato juice sold under last year's ceiling regulation without adjustable pricing provision.

## SURPLUS FOOD DISPOSAL DISCUSSED BY COMMITTEE

### Planning Group Also Considers Army Pricing, Rationing, Support Program, and Tinplate

The contemplated government program for the disposal of surplus canned foods was the principal topic of discussion at the meeting of the Association's Planning Committee held at Washington on September 18-21.

Representatives of the Procurement Division of the War Food Administration outlined the general features of the program, which were later presented in an address by Lee Marshall, Director of Distribution, made before the American Meat Institute and reproduced in part on page 8395 of the LETTER.

Most of the Committee's discussion centered around the tentative draft of a contract prepared by the War Food Administration, which was explained by H. E. MacConaughy and Neal Cadagan. Discussion led to recommendations with respect to certain details, which were conveyed to the War Food Administration. It is expected that a contract will be approved, as to form, in the near future.

The program of the Quartermaster Corps with respect to prices to be paid for 1944 pack canned foods was discussed at length by the representatives from the Quartermaster General's office. The committee requested these representatives to prepare a statement to be published in the INFORMATION LETTER that would give a clear understanding of the Army buying policy and this statement is published on page 8395 of this week's LETTER. Members of the committee were of the opinion that for the present the matter of appealing Army prices should be held in abeyance but that the chairman of the committee should write a letter to General Hardigg, urging that the Army consider paying the ceiling prices as established by OPA on all Army purchases of canned fruits and vegetables.

Henry P. Taylor, a member of the Planning Committee who is also a member of the N. C. A. Rationing Committee, reported on the recent meeting of the Rationing Committee with OPA and read to the Planning Committee a resolution presented by the Rationing Committee to the Rationing Branch of the Office of Price Administration. The Planning Committee expressed its approval of the action taken by the Rationing Committee, and for the information of the industry the resolution was published in last week's INFORMATION LETTER.

Oliver Willits, chairman of the sub-committee appointed at the July 15th meeting, reported on the progress made with respect to the subsidy program. He stated that there had been no significant changes in the program as announced to the industry by WFA, but that a letter had been sent to the OPA by Paul Moringo, Chairman of the Tomato and Tomato Products Industry Advisory Committee, requesting that all tomato products be included in the subsidy program. No action has been taken to date on this request.

Industry participation in postwar planning for foreign trade was discussed briefly by Stanley Powell, who is a member of Foreign Economic Administration Advisory committee.

A report of the WFA floor price support program for canned fruits and vegetables was submitted to the Planning Committee, which had previously requested that WFA make a definite commitment to the industry on the floor price support program to replace the general promise given at the Chicago Processors' Conference. The Committee was informed that WFA is now preparing a statement to be issued to the industry covering its floor price support proposal.

A number of canners asked the Planning Committee to request a relaxation of the requirements in the Tin Conservation Order, M-81, with respect to the type of plate being used for tin cans. The committee approved the suggestion that the technical Container Material Committee of the Association seek the aid of the WPB in an effort to remove the requirements to use bonderized plate, and to increase the amount of tin coating on tin-plate.

The letter written by Chairman Cumming to Administrator Chester Bowles of the Office of Price Administration, which was published in last week's INFORMATION LETTER, was discussed by the Committee, which expressed its support of the position taken by the Chairman.

Representatives of the pricing section of OPA discussed with the Planning Committee some of the problems that have arisen in pricing tomato products and a number of the minor fruits and vegetables. They indicated that another pricing method (Pricing Method No. 2) would be developed for pricing these products. In view of the fact that the proposed Pricing Method No. 2 is likely to differ from the method previously announced by OPA, the Planning Committee suggested that OPA consult the Industry Advisory Committee before this new pricing method is announced.

The afternoon of the last day of the Committee meeting was devoted to an

informal discussion of many of the problems that may arise at the close of the war in Europe. Representatives of the Fruit and Vegetable Branch of the WFA outlined their program for the consideration of some of these problems. No definite action was taken except to direct the Association's staff to prepare a study of the basic statistical information that will be needed for further study of these problems.

## MARSHALL OUTLINES

(Continued from page 8395)

"In addition to buying only in accordance with foreseeable requirements, which I mentioned earlier, we also are checking our inventories regularly and marking for immediate sale these three types of food: (1) Food reserved to meet a need that did not materialize; (2) food purchased in fulfillment of price support commitments; and (3) food packed last year or in previous years so that these may be replaced with 1944-packed food.

"The actual sales job itself is being handled by WFA's Office of Distribution. How much we'll sell, how we'll sell, and what our prices will be all have come up for attention and, in co-operation with the trade, we've evolved a few guiding principles which we're testing now in preparation for the bigger job ahead.

"For instance, we want to avoid disrupting normal trade operations so we're feeding to markets just what they can absorb without creating selling problems. For items in short supply on the civilian market, the job is easy. For others, the job is harder. It may involve the development of campaigns to increase consumption or we may take other measures. Whatever happens, however, we won't let our food glut or break the market.

"Point number two among our guiding principles is that all sales shall be made public. Whenever we have goods to sell, the trade and all other interested parties will be notified by means of a press release or other official announcement. We plan to sell only through normal trade channels, however, since this is in line with our policy to make use of normal distribution facilities and to encourage stable marketing.

"No rigid plan of re-selling has been developed, and none will be developed. We consider it to the best interests of all concerned that our sales procedure be flexible. Generally speaking, however, we do plan to offer salable goods first to firms which sold us these products. If they do not want any or all of it, or if they do not offer what we consider a fair price, other firms in the same business generally will get the next chance to buy. If any still remains, it will be offered to others in the food business. There have been and there will be exceptions to this general outline for selling, of course,



but we intend to hold to this plan whenever it is practicable.

"How much of post-war Government stocks we'll be able to dispose of by reselling to the trade is a question which I can't answer nor can anyone else at the present time. It will depend primarily, I think, on the rate of farm production after the war and on the general employment level.

"Some of our stocks—meaning military as well as Lend-lease—will be needed for relief and rehabilitation purposes. So far as meats are concerned, for instance, it is doubtful whether there will be any surplus when Germany falls.

"In the immediate future, the emphasis on meats will be on buying, rather than selling. WFA stocks of pork and other meats are low, and substantial purchases this fall and winter will be needed to meet Lend-lease requirements. During the remaining months of this year, therefore, we plan to buy large quantities of canned Tushonka, pork luncheon meat and bulk pork sausage, as well as moderate quantities of certain other canned pork products. Purchases of fresh frozen and cured pork also will be large.

"Meat requirements of the armed forces also will continue to be high, at least during the same period. Of course, there will be a decline in military demand as the military forces become smaller.

"As I see it, a quick summary of the food supply situation based on the information now available would be about as follows: It is most unlikely that meats held by government agencies will present any surplus problem after V-E day. Foreign relief needs, as indicated by current demands, are expected to provide an outlet for government-held meat supplies.

"Some steps can be taken now and in future months to keep things in balance. For instance, farm production will have to be adjusted when war needs decline. Also, the Government can reduce the size of food stocks which will be carried over into the post-war period by buying no more than necessary and by selling now whatever food can be spared from working inventories. And we have been doing just that for a number of months. In addition, as soon as supplies permit, rationing can be removed from more foods.

"Still other steps can be taken to prevent food stocks and production from becoming a problem even though the carryover be large. They can be moved through normal trade channels in an orderly manner and at a rate consistent with, not contrary to, demand. Part of them will be needed for relief feeding purposes. Part of them can be moved into non-competitive uses such as school lunch programs, public welfare programs, and industrial uses, if Congress so directs. Naturally, there also will be some exports of food other than for relief purposes."

### WPB Limits Tin for Citrus

The War Production Board has limited the use of tin for the 1944 pack of grapefruit, orange, and blended citrus juices to 100 per cent of what citrus packers used during the 1943-44 season. Last year WPB permitted an unlimited amount of tin for citrus juices. The action was taken in an amendment to Conservation Order M-81, effective September 22.

Because of increasing military and lend-lease requirements for evaporated milk, WPB also has ordered that the packing quota on 14½-ounce cans of evaporated milk be increased by five per cent or to 100 per cent of the 1942 pack.

The WPB by the inclusion of Schedule IV to M-81 has approved the manufacture of cans from secondary metal—blackplate rejects and terneplate waste—for the packing of 27 product classifications. Food items for which the metal has been allotted include: baking powder; bouillon cubes; cereals, flour, cookies, biscuits and crackers for export only; dehydrated vegetables excluding soups; spices, salt seasoning and dry mustard; and tea.

### WAR DEPARTMENT PRICING

(Concluded from page 8395)

pay ceiling prices. It seems clear that in some cases individual canners with high ceiling prices (probably caused by fortuitous sales in 1941) would be unduly benefited. It will, therefore, be the War Department's policy in the case of these products to determine a top price beyond which it will not go except where a canner with a ceiling higher than the top price determined by the War Department can prove that some special circumstance in his particular case caused the high ceiling and that he is not going to be unduly benefited if that ceiling price is paid. Each of these cases will be considered on its merits.

Some price ceiling regulations show differences in ceilings as between areas which do not appear to be justifiable, based on relative costs in the respective areas. It will be the policy of the War Department to adjust its paying prices between these areas insofar as is possible—price ceilings considered. Again this problem only arises in cases where the differences between areas are substantial and where the bands are wide. The OPA has already recognized inequities between areas on some commodities and accordingly adjusted 1944 ceilings subsequent to the issuance of the governing regulation.

It should be emphasized that the War Department has no desire to change its pricing policy of former years and that it has every intention of being fair to the canning industry as a whole and to individual canners. It is felt that the

industry should recall the fair treatment that has been given in the previous years, and assurance is given to the industry that there is no change in the thinking of the War Department as to the 1944 pack and that the same policies will continue.

### Georgia Canner Dies

R. V. Crine, president of the Concord Corporation, Cairo, Ga., died at his home on Saturday evening, September 23. Funeral services were held at Thomasville, Ga., on September 27.

### Oyster Season to be Late

Officials of the War Food Administration and the U. S. Fish and Wildlife Service state that the oyster season will be late this year. Although oyster marketing usually begins in September, the two agencies report that oysters will not come on the market in quantity until sometime in October and probably will not reach their peak until a month or so later.

Both the WFA and the Fish and Wildlife Service believe that the pack of canned oysters will be small this year due to the ready demand for fresh oysters and because the armed forces and Lend-lease do not purchase any canned oysters. In prewar years oysters were canned in quantity by South Atlantic, Gulf, and Pacific Northwest canners and marketed principally in the Midwest where fresh oysters were not easily obtainable.

### OPA Issues Official Guide

Copies of a new official guide on commodities and services under price ceilings, with a directory of the key operating officials of the various price units in OPA's National Office at Washington, D. C., may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., the Office of Price Administration has announced. A charge of \$1 will be made for each booklet to cover cost. Six monthly supplements to the directory, which will bring its information up to date at periodic intervals, will be supplied to purchasers without any further charge, OPA said.

A previous issue of the guide, which is known as the Directory of Commodities and Services, was dated December 1, 1943. The new directory is dated August 1, 1944. Regulations dealing with rationing, and the key operating officials in the rationing departments, are not included in the directory.

## CONFERENCE HELD BY OPA ON POST-WAR PROBLEMS

### Food Industry Adjustments to Follow V-E Day Are Discussed

Twenty-eight representatives of the food industry held a three-day conference this week with representatives of the Office of Price Administration at which adjustments necessary following V-E Day were discussed. The representatives of industry were invited as individuals, not as representatives of a particular association or industry.

The meeting was called for a two-fold purpose: (1) OPA felt the food industry should be kept fully informed of the difficult problems which will follow the collapse of Germany; (2) in meeting these problems, OPA wanted the benefit of industry's views.

Jean F. Carroll, Director of the Food Price Division, OPA, who presided, at the outset of the conference declared the meeting was of an "exploratory" nature and that further sessions with larger representations from industry would be necessary.

Price Administrator Chester Bowles, who addressed the final session, said that the full cooperation and assistance of both the trade and the public will be necessary during the reconversion period. He said that OPA, with everyone else, is anxious to be rid of war controls but he warned of dangerous pitfalls in premature removal of controls. He commended the visitors for the time and energy they devoted to the three-day meeting.

Mr. Carroll, at the same session, also reminded the visitors "there can be no removal of controls on V-E Day or the day after" and urged the industry representatives to say nothing which would create this impression. At the same time he expressed a desire that the food industry understand every effort is being made to prepare for prompt action when the time for reconversion arrives. This meeting, he said, was the first of many in which industry will have an opportunity to speak.

During the period following victory in Europe, economic trends are expected to be confused, OPA representatives said, with both inflationary and deflationary tendencies to combat. Pressure is expected to be greatest on durable goods, such as refrigerators, less marked on soft goods, such as textiles.

In the food field, fats and oils, dairy products and meats, sugar and canned fruits are expected to continue in short supply, while grains, eggs, fresh fruit and truck crops are expected to be more plentiful.

Broadly, the conference considered

three main problems: (1) The pricing of surplus commodities; (2) the methods to be used when price controls are eventually removed; (3) because of their direct bearing on food prices—the eventual removal of subsidies. Also discussed were policies with respect to adjustment of price control to relieve individual cases of hardship, and the effect which support prices will have in preventing rapid price decline for agricultural products.

### State Convention Dates

Florida—October 27, Tampa Terrace Hotel, Tampa.

Indiana—November 16 and 17, Claypool Hotel, Indianapolis.

Iowa-Nebraska—December 7 and 8, place to be announced.

Michigan—November 2 and 3, Pantlind Hotel, Grand Rapids.

New York—December 7 and 8, place to be announced.

Ohio—December 12 and 13, place to be announced.

Pennsylvania—November 9 and 10, Yorktowne Hotel, York.

Southern California Food Processors Association—December 5, place to be announced.

Texas—November 6, Casa de Palmas Hotel, McAllen.

Tri-States—November 30-December 1, Claridge Hotel, Atlantic City.

Virginia—December 6, Hotel Roanoke, Roanoke.

Wisconsin—November 13 and 14, Schroeder Hotel, Milwaukee.

### Nigeria Producing Citrus Juices

Production of juices from fresh citrus fruit is a newly established industry in Nigeria, West Africa, created by the curtailment of imports of fruit drinks, according to the Department of Commerce. Scarcity of bottles necessitates the use of discarded bottles which originally contained beverages of more potency. One of the establishments is a cooperative undertaking by farmers who supply and press the fruit.

### WFA Canned Foods Offered

The War Food Administration has offered for sale to the original vendors 18,640 cases of odd lots of canned foods. These include 410 cases (24/2's) of Grade A canned asparagus, 1,500 cases (12/28-oz. jars) high quality applesauce, 3,915 cases (6/10's) grade C snap beans, 4,885 cases (24/2's) grades B and C canned corn, and 7,930 cases (24/2½'s) grade B canned tomatoes.

### Kraut Cabbage Prices Named

The Office of Price Administration and the War Food Administration on September 29 jointly announced that ceiling prices for the 1944 kraut pack will be based on the average prices that packers actually pay for cabbage up to a maximum of \$22 per ton at customary receiving points.

The WFA is making a separate announcement covering the details of a program to support prices of kraut by making specified payments to kraut packers to reimburse them on any civilian sales below the processor's appropriate support level, based on \$12 per ton for cabbage. WFA's announcement will be in fulfillment of its March 4 commitment to support this year's kraut cabbage crop at \$12 per ton to growers.

### Standards for Tomato Paste

The War Food Administration has released a draft of the first issue of its tentative United States standards for grades of canned tomato paste, effective September 15. Copies may be obtained from the Standardization and Inspection Division, Fruit and Vegetable Branch, War Food Administration, Washington 25, D. C.

### Glass Order L-103-b Amended

By an amendment to Limitation Order L-103-b, effective September 28, the War Production Board has removed restrictions on spaghetti and macaroni products, corn beef hash, and sauerkraut. These products have been given an unlimited quota for glass and closures, the closure material being tinplate.

### Concord Grape Prices Set

Forthcoming prices for sales of Concord type grapes to processors and wineries have been announced by the Office of Price Administration. The new prices will be as follows: \$85 per ton for New York, Pennsylvania, Ohio, Michigan, North Dakota, South Dakota, Nebraska, Iowa, Illinois, Indiana, New Jersey, Connecticut, Rhode Island, Massachusetts, New Hampshire, Maine, Vermont, Wisconsin and Minnesota; \$52 per ton for Washington, Oregon, Idaho, Montana and Wyoming. There will be no maximum prices in effect in the other States.

Concord type grapes include: Concords, Early Concords, Cottage, Eaton, Fredonia, Hicks, King, Moore Early, Rockwood and Worden.